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TELEGRAM

F770007-108350

DEPARTMENT OF STATE A/CDC/MR

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REVIEWED BY CJ DATE 12/11/82

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ACTION AF-04

INFO OCT-01 SS-14 ADP-00 PPT-02 SCA-01 L-02 CIAE-00 INR-10

NSAE-00 RSC-01 NSC-10 NSCF-00 TRSE-00 PM-03 DODE-00

DEP-01 FB-03 CIEP-01 RSR-01 /054 W

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P R 090755Z MAY 73
FM AMEMBASSY TRIPOLI
TO SFCSTATF WASHDC PRIORITY 0047
INFO AMEMBASSY TUNIS

C O N F I D E N T I A L TRIPOLI 0610

LIMDIS

DECLASSIFICATION DATE 9/22/87

PER JC TODD OFFICE EB

F.O. 11652: GDS

TAGS: FNRG LY

SUBJECT: CHARGE MEETING WITH GLOSS MAY 8,

EADRC FOI CASE NO. 730111 Hirschup

REF: TRIPOLI 0587

1. SUMMARY: GLOSS (AMOSEAS) CALLED ON CHARGE 8 MAY TO GIVE UPDATE ON PARTICIPATION, PARITY, PASSPORTS, AND COMMITTEES SITUATIONS. PARTICIPATION AND PARITY NEGOTIATIONS GOING ON AIR OUT CONCLUSIVE RESULTS. PASSPORTS SITUATION IMPROVED, BUT STILL UNCLEAR. COMMITTEES REMAIN SERIOUS PROBLEM, BUT GLOSS ASKED FOR GUIDANCE IN CASE LARG RAISED POLITICAL ISSUES. CHARGE SAID ONLY RESPONSE SHOULD BE TO REFER LARG TO USG FOR POLITICAL DISCUSSIONS. END SUMMARY.

2. SHAFER HAS HAD TWO INCONCLUSIVE SESSIONS WITH PETMTN MABRUK SINCE INITIAL JALLUD/MABRUK SHAFER SESSION REPORTED REFTEL. SHAFER "FLOATING IDEAS" FOR MABRUK'S CONSIDERATION RATHER THAN ATTEMPTING FORMULATE CONCRETE OASIS GROUP POSITION ON PARTICIPATION. FOR EXAMPLE, HE ASKED MABRUK CONSIDER DISSOLUTION CURRENT OASIS ENTITY AND FORMATION "NEW OASIS" WHICH 100 PER

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CENT LIBYAN OWNED AND CONTROLLED BY BOARD OF DIRECTORS WITH 5/4 LIBYAN MAJORITY. COMPANIES' MINORITY ON BOARD WOULD HAVE TO BE "KEY" PERSONNEL, I.E. PRESIDENT, VICE PRESIDENT FOR PRODUCTION, CONTROLLER, ETC. SHAFER ALSO FLOATED IDEA THAT COMPENSATION BE IN FORM OF FREE OR TAX-PAID COST OIL FOR COMPANIES RATHER THAN CASH FOR NET BOOK VALUE. MABRUK DID NOT REJECT SHAFER'S "NEW OASIS" IDEAS, BUT WANTED NO PART OF FREE CRUDE FORMULA WHICH MIGHT GIVE COMPANIES BETTER DEAL THAN NET BOOK VALUE. MABRUK SAID LARG WOULD PAY NET BOOK VALUE AND THAT "CASH PAYMENT WAS NO PROBLEM".

3. GLOSS INTIMATED THAT OTHER COMPANIES, I.E. THE MAJORS, NOT REALLY HAPPY WITH SHAFER'S WILLINGNESS TALK ON BASIS LARG'S 3 POINT DEMAND FOR 100 PERCENT PARTICIPATION, NET BOOK COMPENSATION, AND COMPANIES PURCHASING CRUDE AT "WORLD MARKET PRICES". OTHER COMPANIES WOULD PREFER THAT INDUSTRY TAKE HARDER LINE AND RESIST LARG DEMAND. GLOSS SAYS HE BELIEVES THAT LARG RECOGNIZES THAT COMPANIES MUST HAVE "ECONOMIC COMPARABILITY" TO LAST DEALS WITH GULF PRODUCERS AND IRAN. HE THINKS LARG PREPARED ADJUST ITS DEMANDS TO PROVIDE COMPARABILITY. (THEY WOULD, OF COURSE, REQUIRE APPEARANCE OF RADICAL MOVE TO SATISFY LARG POLITICAL REQUIREMENT.)

4. GLOSS NOTED THAT MABRUK STATED HE RECOGNIZES DIFFERENT POSITIONS OF VARIOUS COMPANIES AND IS PREPARED TREAT THEM DIFFERENTLY. GLOSS SEES THIS AS RECOGNITION WIDE RANGE OF INVESTMENT RESERVE RATIOS OF COMPANIES CURRENTLY OPERATING HERE. (IT MAY ALSO BE MOVE TO DIVIDE AND CONQUER.)

5. GLOSS HAD NO NEW INFORMATION ON OUTCOME OF PARITY TALKS. HE COMMENTED, HOWEVER, ON NEGOTIATING BEHAVIOR OF LARG, WHICH TENDS TO REACT TO OFFERS OF COMPROMISE POSITIONS BY COMPANIES WITH ESCALATION OF LARG DEMANDS. GLOSS SAID THAT, AT BEGINNING OF PARITY TALKS, LARG WAS ASKING ROUGHLY 11 (ELEVEN) PER CENT IN ADJUSTMENTS FOR DEVALUATION AS OPPOSED TO COMPANIES' ROUGHLY 3 (THREE) PER CENT. WHEN COMPANIES MOVED TO 5 (FIVE) PER CENT, LARG

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UPPED THE ANTE TO 20 (TWENTY) PER CENT.

6. GLOSS REPORTED SOME SUCCESS FROM SHAPER'S APPROACH TO MABRUK ON PASSPORT PROBLEM WHICH FOLLOWED LINES OF SHAPER'S PLAN PER REFTEL, AND INCLUDED STATEMENT THAT COMPANIES PLANNING SHUT DOWN IN MATTER OF FEW WEEKS BECAUSE OF ABSENCE KEY PERSONNEL. MABRUK HAS REQUESTED LIST OF ALL "ESSENTIAL PERSONNEL" AND HAD PRESENTED THEM TO JALLUD FOR DEFICIENCIES. (JEANTRY OF FRENCH EMBASSY HAS STORY THAT MAY 6 JALLUD WENT INTO RAGE WHEN HE FOUND HIS DESK COVERED WITH LISTS OF PERSONS WHO REQUIRED EXCEPTIONS TO PASSPORT RULE. JALLUD, ACCORDING TO JEANTELOT, SWEEP PAPERS OFF FLOOR AND DECLARED WHOLE PASSPORT BUSINESS "STUPID". THIS MAY HAVE BEEN IMPETUS FOR NEW LIST OF EXCEPTIONS ISSUED MAY 6.) GLOSS SAYS THAT POSITION OF FAMILIES STILL UNCLEAR AND COMPANIES ADVISING MOST MARRIED PERSONNEL STAY OUT UNTIL QUESTION OF EXEMPTION FOR DEPENDENTS RESOLVED.

7. GLOSS SAID COMMITTEE PROBLEM REMAINS SERIOUS. HE HAS SENT LETTER TO JALLUD'S OFFICE REQUESTING APPOINTMENT TO DISCUSS "RECENT DISTURBING EVENTS IN IBYA". GLOSS HAS SCRIBBLED NOTE FROM JALLUD'S SECRETARY WHICH PROMISED APPOINTMENT WHEN "PRIME MINISTER'S SCHEDULE PERMITS". GLOSS WILL USE MEETING TO DISCUSS ONLY THE COMMITTEES AND TO PRESS FOR EXEMPTION OF OIL COMPANIES FROM JURISDICTION OF POPULAR COMMITTEES. HE ENCOURAGED BY REPORTED STATEMENT BY RCC MEMBER AND ASU CHIEF HAWADI THAT "PRIVATE SECTOR, REGARDLESS OF TYPE OF BUSINESS, IS NOT PLACE FOR OPERATIONS OF POPULAR COMMITTEES".

8. GLOSS CLOSED MEETING WITH CHARGE BY SAYING THAT JALLUD OR MABRUK MAY RAISE FAILURE OF COMPANIES TO INFLUENCE U.S. MIDDLE EAST POLICY SINCE JUNE 1972 DEMAND THAT THEY DO SO IF THEY WISHED CONTINUE BENEFITTING FROM LIBYAN OIL. CHARGE REPLIED THAT COMPANIES SHOULD MAKE MAXIMUM EFFORT CONTINUE THEIR DISASSOCIATION FROM U.S. MIDDLE EASTERN POLITICS. IF JALLUD OR OTHER LARG OFFICIALS MAKE ANOTHER ATTEMPT PULL COMPANIES INTO POLITICAL ARENA, BEST RESPONSE IS SIMPLY TO SAY

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THAT GOVERNMENTS PREFER TO DEAL DIRECTLY WITH OTHER
GOVERNMENTS AND TO SUGGEST THAT LARG RAISE ANY POLITICAL
ISSUES DIRECTLY WITH USG.
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